

Duplicate

11 21 25

REPORT

OF THE

COMMITTEE FOR THE DISTRICT OF COLUMBIA

ON THE

SEVERAL PETITIONS,

RELATIVE

TO THE BANK OF ALEXANDRIA,

OF

POTOMAC, OF WASHINGTON,

AND OF THE

UNION BANK OF GEORGETOWN.

FEBRUARY 2d, 1810.

ORDERED TO LIE ON THE TABLE.

WASHINGTON CITY:

PRINTED BY R. C. WEIGHTMAN.

.....
1810.

W. C. Weightman

THE FIRST PART OF THE HISTORY OF THE
CITY OF LONDON, FROM THE
BEGINNING OF THE CITY, TO THE
PRESENT TIME.

By JOHN STOW, Citizen of London.
The second Edition, corrected and
amended by JOHN STOW, and
JOHN WARD, Esq. of the Inner
Temple. In two Volumes.
LONDON, Printed by J. Stow, at the
Sign of the Sun, in St. Dunstons Church,
in the Strand, 1687.

THE SECOND PART OF THE HISTORY OF THE
CITY OF LONDON, FROM THE
BEGINNING OF THE CITY, TO THE
PRESENT TIME.

By JOHN STOW, Citizen of London.
The second Edition, corrected and
amended by JOHN STOW, and
JOHN WARD, Esq. of the Inner
Temple. In two Volumes.
LONDON, Printed by J. Stow, at the
Sign of the Sun, in St. Dunstons Church,
in the Strand, 1687.

THE THIRD PART OF THE HISTORY OF THE
CITY OF LONDON, FROM THE
BEGINNING OF THE CITY, TO THE
PRESENT TIME.

By JOHN STOW, Citizen of London.
The second Edition, corrected and
amended by JOHN STOW, and
JOHN WARD, Esq. of the Inner
Temple. In two Volumes.
LONDON, Printed by J. Stow, at the
Sign of the Sun, in St. Dunstons Church,
in the Strand, 1687.

THE FOURTH PART OF THE HISTORY OF THE
CITY OF LONDON, FROM THE
BEGINNING OF THE CITY, TO THE
PRESENT TIME.

By JOHN STOW, Citizen of London.
The second Edition, corrected and
amended by JOHN STOW, and
JOHN WARD, Esq. of the Inner
Temple. In two Volumes.
LONDON, Printed by J. Stow, at the
Sign of the Sun, in St. Dunstons Church,
in the Strand, 1687.

332.1
34142

Lincoln
Room

REPORT.

The committee of the District of Columbia, to whom was referred the several petitions relative to the banks of Alexandria, of Potomac, of Washington, and of the Union Bank of George Town,

REPORT :....

First—That the bank of Alexandria was established by an act of the legislature of Virginia, passed in the year 1792, allowing a capital to be raised, to the amount of 150,000 dollars, and limiting the duration of the bank to the first day of January, 1803—That by an act of the same legislature passed the 5th day of December, in the year 1795, the capital of the said bank was allowed to be increased to 500,000 dollars, the whole of which has been subscribed for ; and on the 21st day of January, in the year 1801, the legislature of Virginia extended the duration of the charter to the 4th of March, 1811.

An increase of capital and an extension to the time last mentioned, it is presumed was decided on, from a knowledge of the beneficial effects the community had derived from the institution and the propriety with which it had been conducted ; and also from an opinion, perhaps prevalent, (but how well founded your committee do not pretend to decide) that the Congress of the United States had divested themselves of the power of granting

a charter, even to a private bank, till the term of limitation for that of the United States, had expired.

The useful and prosperous operations of the bank of Alexandria, have continued to an equal degree and extent, to that which they had been carried to, when that institution last received the sanction of the state of Virginia, by the act of 1801. It has preserved a stability of credit, and there is every reason to induce a belief, that the same prudence and circumspection has influenced the conduct of the directors of it since, as did before the state of Virginia ceased to have jurisdiction over the place of its establishment.

The circumstance of this incorporation having been created under the special sanction of the ceding state, and its therefore presumed consistency with the interests and wishes of that state, the citizens of which are principally affected by the circulation of its notes, affords considerations for a continuance of its charter, which are certainly entitled to particular respect. The average annual dividends of this bank have been equal to $8\frac{3}{4}$ per cent. on its capital, to the present time.

The provisions of its charter secure to the public affected by the circulation it enjoys, the responsibility of each stockholder or member of the company, in their natural capacities, to an amount equal to the stock held by him in case of losses, or deficiency of the capital stock, at the time such loss or deficiency shall take place, from whatsoever cause it may arise; and also in case the total amount of the debts which the company shall at any time owe, shall exceed four times the amount of the capital stock over and above the monies actually deposited in the bank for safe keeping, the directors, under whose administration it shall hap-

pen, shall in their natural and private capacities, be liable for such excess, to any creditor of the bank, except those directors who were absent, or being present, dissented to the act, which should produce such excess—and in case such directors should not have property sufficient to pay, the stockholders are made liable in their private capacities for such excess.

It is also made necessary by the provisions of its charter, that the president and directors, shall once in every year lay before the executive of Virginia, an account truly stating the situation of the bank, and its funds. A summary mode of recovery is also provided for the creditors of the bank.

Secondly—The bank of Potomac, next to that of Alexandria, has been longest in existence of any respecting which petitions have been referred to this committee. It is derived from an association of individuals, which took place for that purpose, in the town of Alexandria, in the year 1804, who agreed to subscribe a capital not exceeding 500,000 dollars, the whole amount of which has been paid according to the terms of the association. The petitioners assign as a reason for not applying at that time for a charter, their impression that the national legislature, had been precluded, by the terms on which that of the bank for the United States had been granted, from authorising by law any other bank till the 4th of March, 1811, and the necessity of an increase of banking capital, in order to enable the traders in agricultural products to purchase the increased quantity of those articles brought to Alexandria for a market.

This banking association has established a solid credit. There is every reason to presume its ope-

rations have been prudently conducted. Its utility is tested by the constant demand for its capital, as evidenced by the rate of annual dividends or profits it has yielded the stockholders, averaging precisely seven per cent. to the period previous to the last half year, which for that term has been declared to be four per cent. on the capital.

Thirdly—The bank of Washington and the Union Bank of George Town, are constituted by articles of association, nearly similar to that of the bank of Potomac, and have originated during the year 1809.

The Washington bank is established in the city of Washington, contemplating a capital of 250,000 dollars certain, for the amount of which a subscription has been obtained, and is capable of being augmented to 1,000,000—the operations of this bank have already commenced.

The Union Bank is contemplated to be established in George Town, with an immediate capital of 300,000 dollars, four fifths of which, the petitioners state is now subscribed for, and is capable by the articles of association of being enlarged to the amount of 1,000,000. Its operations have not yet commenced, but it is represented in the petition, that preparations are so progressing as to ensure their commencement early in the present month.

The probable utility and success of those banks, must depend on a variety of circumstances, and cannot be deduced as in the two first instances, from actual experience.

The committee of the district of Columbia, can however, readily confide in the statement of the petitioners, that an increase of banking capital will be conducive to the growth of commerce and manufactures within the district. The committee will also observe, that the founding and erection of so

extensive a city as the permanent seat of empire for the United States, must obviously require the aid of vast resources, and that that consideration offers additional inducements to give the most advantageous extension to the monied capital it may possess, and to attract a portion of that which may be to spare in other parts of the Union. The purposes of an increasing commerce, of manufacturing establishments, and more especially improvements for accommodation, now rapidly progressing, it is presumed, demand a sum of circulating medium not perhaps to be answered, even by the increase expected from the establishment of the banks petitioned for.

A fulfilment of the expectations of the founders of the national seat of government, appears from the rapid increase of its growth and population, no longer to remain doubtful. It can no longer be doubted, that the district of Columbia is destined to an enviable, and perhaps unrivalled enjoyment of commerce and the useful arts, the essential concomitants of wealth, power and magnificence. Its scite at the head of the maritime navigation of a great river, deriving its sources from the regions which also give birth to the western waters of the United States; the facility of connection with the trade of the latter; the natural and improved fertility of the country to which those advantages give a cheap access, with innumerable other existing causes of prosperity, seem at length to have attracted a considerable share of the notice of the enterprising—The opinion is therefore presumed to be warranted, that the necessary means of improvement would be greatly accelerated by an increase at this time of banking capital.

But, should this supposition not be founded in a correct estimate of the present demands for an in-

creased quantity of currency in the district, no apparent evil can result to the public from the permission of an unnecessary investiture of capital in banks ; provided such banks are subjected to regulations, which may insure the community against loss, from attributing to them an unmerited credit. Under such a security, the only consequence which can result from an excess of capital, would be a want of employment for it, and a consequent loss to the stockholders. This part of the inquiry might then be left to rest with the petitioners themselves.

The committee however, wish to be understood to entertain the opinion, that the unrestrained permission to individuals, by extensive associations to establish institutions of a monied kind, might be carried to pernicious lengths ; they conceive it to be the duty of the legislature, while they encourage those useful instruments of commerce and improvement, to guard the interest of the citizen from the dangers which an unlicensed extent of them might produce ; and their attention has therefore been led to the examination of the principles on which those companies have erected themselves, which are now the particular subject of inquiry.

The different articles of association which constitute the three last noticed institutions, although undoubtedly the result of the most laudable intentions, are not discerned to possess in themselves any security to the public, against an abuse of the credit the community is in the habit of bestowing on bank notes. The members of the institution are in all cases, and under any circumstance of mismanagement, by express stipulation, exempted from personal liability, a quality which it is presumed ought not to be found, to the same extent, in any co-partnership whatever ; it is certainly pro-

per however to add, that no imposition can possibly be presumed to have been contemplated in these particular instances, as well from the high standing in society which the framers and managers of those institutions enjoy, as from the evidence of candor and fairness exhibited by them, in having provided, that contractors with them should be specially notified of this quality in their contracts, and that the receivers of their bank currency should be apprised of it, from the language used on the face of their notes.

It is presumed to result from this view of the inquiry submitted to the committee, that the granting of charters to the several petitioners, and by law prohibiting future associations which have so important an effect upon the interests of society, unless under the restrictions and provisions of special laws, the safety and interests of the public would be best protected. It only remains then, for this committee to recommend the mode of such restrictions as will, in their opinion, best comport with the public safety, and not unnecessarily fetter the operations of these institutions.

Various means to secure this object, may be suggested as proper to be introduced into the terms of their several incorporations :—

First.—Such as those provisions ingrafted into the charter granted by the legislature of Virginia to the bank of Alexandria, and which exist in most bank charters; and which are herein before referred to.

Secondly—By subjecting those institutions to an examination into the state of their affairs from time to time, under such authority as Congress might appoint, with a correspondent power of removing or obviating abuses.

Thirdly—By authorising the executive of the

United States, or providing for Congress to appoint, annually, a certain number of the directors of the several institutions.

Or fourthly. By incorporating them, with such other funds as might be authorised, into a national bank, making them branches thereof, in order to accommodate the different sections of the district, or consolidating their several capitals into an integral institution, and thus in either mode establishing them on the most satisfactory responsibility.

The fourth alternative, certainly involves important considerations, not more from its intrinsic moment, than from the time at which the subject has been presented for consideration.

In all governments where any system of finance has been adopted, the instrumentality of banks has been found of great utility in its management. In one like that of the United States, where the revenues are collected throughout a vast extent of country, and the amounts from that circumstance rendered proportionately difficult in their transportation to the different scenes of expenditure; the safety and convenience of banks have been already appreciated by the department to which our fiscal operations are confided. The bank established for the United States by an act of Congress of 1791, has heretofore furnished that convenience, not however without a compensation entirely ample, from the advantages derived to it from the deposits of public money. Should objections be found to exist to a further continuation of that charter, which will expire in a very short period, the convenience, and also the exigencies of government, will point out the policy, and necessity of creating a new national bank, the place of establishment for

which would most properly be at the seat of government of the United States, under the immediate eye of the government, which with a greater or less portion of its capital would controul the operations of such branches as might be authorised by the proper powers.

To an establishment of this kind, within the district of Columbia, where the United States have an exclusive jurisdiction constitutionally in all cases, one at least of the objections to a prolongation of the charter of the present United States bank would not exist, nor to the branches of a new bank when authorised by the state sovereignties. It would be however for the wisdom and justice of the legislature to decide, what portion of the stock of the present United States bank, might with the approbation of its owners, be ingrafted into the new national bank. To continue this inquiry would be carrying this committee beyond the limits assigned them in a report on the petitions referred to them. Nor would it be more certainly within the scope of their duty, to point out the mode which in their opinions it would be most eligible to adopt in the creation of a national bank, or to observe upon defects they might presume to exist in the present one. They profess only the obvious right of deciding in their report on the propriety of rejecting or acceding to the prayers of the several petitions referred to them; and in acceding to them to endeavour to develop the means most eligible for individuals, and most advantageous and safe for the public, upon which the institutions prayed for may be established. They therefore report the following resolution.

Resolved, That the prayers of the several petitioners to continue the charter of the bank of A-

Alexandria, and to grant charters to the banks of Potomac, of Washington, and of the Union bank of George Town, are reasonable, and ought to be granted.